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SENSITIVE  
SIPDIS

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TAGS: [KCOR](#) [PREL](#) [PGOV](#) [EPET](#) [CM](#)  
SUBJECT: EITI'S PYRRHIC VALIDATION: CAMEROON WINS,  
TRANSPARENCY LOSES

¶1. (SBU) Summary. Predicting that the Extractive Industries Transparency Initiative (EITI) Secretariat will validate the Government of Cameroon's (GRC) participation in the EITI process in early 2010, Cameroonian civil society leaders warn that the GRC's gain--an unmerited publicity windfall--could prove costly to the promise of the EITI process. The Embassy hosted an April 30 meeting with civil society leaders working on governance and transparency issues in Cameroon. Although the GRC has technically complied with the letter of EITI guidelines, which the civil society leaders criticized as setting so low a threshold as to be meaningless, there has been no significant change in the manner in which Cameroon's oil, gas and mining revenues are reported and negligible progress towards the EITI's stated goal: "to strengthen governance by improving transparency and accountability in the extractive sector." End summary.

EITI: So Transparent,  
No One Knows It's There  
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¶2. (SBU) The Embassy invited a dozen Cameroonian civil society leaders working on governance and corruption, some of whom have been involved in the EITI process in Cameroon, to discuss Cameroon's participation in the EITI process and its impact on transparency and citizen oversight of revenues. In 2005, the GRC announced its intention to participate in the EITI process, which had been launched by former British Prime Minister Tony Blair in 2002 as an ambitious effort to improve governance in resource-rich countries by requiring disclosure--by the private companies and the recipient governments--of all payments derived from oil, gas and mineral exploitation. Among the civil society leaders who met at the Embassy, there was consensus that, despite the publication of some previously unseen information regarding oil and gas revenues, the Cameroonian public remained universally uninformed about both EITI and the management of Cameroon's extractive industries.

Transparently Not Transparent  
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¶3. (SBU) Despite the impression given by the GRC and some outside observers that the GRC is a strong participant in the EITI process, the civil society representatives argued that there has been no meaningful change in the culture of secrecy that has traditionally governed Cameroon's oil and gas sectors. EITI has presented an unprecedented opportunity for the GRC to speak about its oil and gas revenues--a subject that was taboo even for GRC officials until the start of the

EITI process--but the GRC has unilaterally dictated the terms of the conversation and released scant information. The Publish What You Pay coalition, having worked on EITI in Cameroon for four years, just received its first copy of a contract for the extractive industries in Cameroon in May 2009, and did so only through a third party, not the GRC or the EITI process. To the extent Cameroon is complying with EITI's criteria, argued the civil society representatives, it is evidence that EITI's standards are so low as to be meaningless.

#### Abiding the Letter, Undermining the Spirit

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14. (SBU) To be compliant with EITI principles, for example, a country must establish an EITI committee that includes representatives from civil society, but there are reportedly no standards for how such a committee must function. In Cameroon, the GRC unilaterally selected three organizations (representing each of the major religious faiths in Cameroon) to be the civil society representation. When the Publish What You Pay network protested, the GRC agreed to add three more civil society representatives (but kept its own hand-picked three).

15. (SBU) In a strategy of co-optation that it has used elsewhere, the GRC held an open meeting for civil society to choose its representatives. Any organization that appeared was given 50,000 CFA (about \$100) and the assembled organizations were told to vote among themselves for who

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would sit on the EITI board. The GRC's cash incentives succeeded in perverting the selection process, skewing the motivation for candidates and their supporters. Until recently, the members of the EITI committee received 200,000 CFA (about \$400) for each meeting of the EITI committee; the amount was recently increased to 300,000 CFA (about \$600) for each 2-3 hour meeting, with the Minister of Finance promising to increase the per diem to 400,000 CFA "after validation."

#### Doing the Bare Minimum

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16. (SBU) The EITI process grants participating governments the option to expand the scope of their engagement, but the GRC has repeatedly decided to limit its participation to the bare minimum required under the program. Rather than release the revenue data in a disaggregated report (broken down company-by-company) as it is collected by the independent conciliator who compiles the report, the GRC-controlled EITI committee has decided to limit the transparency of the data by requiring the conciliator to aggregate it for release. This prevents analysts from comparing the terms and pricing of the various contracts. In a similar display of limited buy-in to the concept of increasing revenue transparency, the committee has decided not to include the forestry sector in the EITI process.

#### Acknowledging EITI's Limitations

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17. (SBU) Even EITI's critics recognize that, as a voluntary program, the EITI must strike a delicate balance in order to attract participation while remaining effective. They also admitted that many had unreasonably high expectations for EITI, especially to the extent EITI would provide visibility beyond mere revenues and into state expenditures. Additionally, even if the GRC had displayed a greater willingness to share information, civil society organizations lack the capacity to usefully exploit many of the complicated elements of oil and gas contracts. Even some of the EITI experts professed they were often at a loss to decipher the complexities of the extractive industries sector.

Comment: EITI's Pyrrhic Victory  
is a Loss for Transparency

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¶8. (SBU) There is a real danger that the credibility of EITI--and similar programs--will be undermined if EITI validation is perceived as a rubber-stamp for the GRC's failure to institute meaningful reform of the accounting for its extractive industry revenues. Many Cameroonians perceive that international companies have colluded with corrupt Cameroonian leaders to fleece the nation of its natural resources and that whatever revenues the GRC received have been stolen and stashed away in international banks. EITI was conceived and launched expressly to address this phenomenon. EITI has provided a welcome forum for unprecedented conversations between the GRC and some civil society representatives, but those conversations have been largely one-sided and borne negligible results. Four years into Cameroon's participation, EITI has not succeeded in fostering improved transparency or accountability for government revenues from the oil, gas and mining sectors in any meaningful way. The EITI Secretariat's expected validation of the unfulfilled promise of EITI, even if inevitable, will only serve to further disillusion the Cameroonian public.

¶9. (U) Post is engaging with the World Bank (which is planning a regional EITI conference in Douala in early June) and other donors to discuss what might be done to make the most of Cameroon's participation in EITI.

GARVEY